

**Annual
Report
2001**



**Rendering Assistance
To Sailors & Marines
& Their Families Since 1904**

DECLASSIFICATION STATEMENT A
Approved for Public Release
Distribution Unlimited

Our Vision:

“We are a private, non-profit volunteer service organization.

*As a **Center of Excellence** we are committed to ensure that all available resources are used to assist personnel of the Naval Services—active, retired, and their eligible family members—to achieve financial self-sufficiency and find solutions to emergency needs.”*

Board of Directors

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Vice President, Chief Financial Officer
Lieutenant Colonel George F. Warren, USMC (Ret.)

Foreword

Founded in 1904, the Navy-Marine Corps Relief Society is incorporated in the District of Columbia with its corporate headquarters located in Arlington, Virginia. The Society is managed by a Board of Directors comprising elected and ex officio members representing the active duty and retired communities of the United States Navy and Marine Corps.

The mission of the Navy-Marine Corps Relief Society is to provide, in partnership with the Navy and Marine Corps, financial, educational, and other assistance to members of the Naval Service of the United States, eligible family members, and survivors when in need; and to receive and manage funds to administer these programs.

The Society accomplishes this mission principally through the disbursement of interest-free loans and grants, but it also provides visiting nurse services, budget counseling services, and infant layettes, and administers food lockers and thrift shops. The Society also provides scholarships and interest-free loans for educational purposes through its education programs. Sponsored by the Department of the Navy, the Society operates more than 250 offices ashore and afloat at Navy and Marine Corps bases throughout the world.

More than 3,000 trained Volunteers, both ashore and aboard ships, accomplish the major portion of the Society's work. They are supported by a small cadre of employees. The Society enjoys an active partnership with the Navy and Marine Corps and benefits extensively from the active involvement of the command structure at the bases where the Society maintains a presence. The commanders

themselves, as well as the senior enlisted leadership, chaplains, and family service center personnel, play an important role in the conduct of the Society's business.

Although sponsored by the Department of the Navy, the Society receives no funding from the government. The work of the Society is supported by an annual fund drive conducted by the Navy and Marine Corps under the auspices of the Secretary of the Navy. The Society facilitates the Secretary of the Navy's annual direct mail solicitation of retired members of the Navy and Marine Corps. Overhead expenses are covered by proceeds from the reserve Fund established during World War II.

Contributions to the Society are deductible under Section 170(b)(1)(a) of the IRS Code. The Society is exempt from Federal income tax under Section 501(c)(3) of the code.

On the cover: Built in Boothbay Harbor, Maine, in 1951, the historic lighthouse RELIEF served as a floating lighthouse for more than 25 years. Now retired, she is owned by the U.S. Lighthouse Society.

President's "State of the Society" Report



The Society began 2001 well positioned to continue—and improve—the responsive and broad-based support it has been providing the Navy and Marine Corps community since 1904. No one, however, could have imagined or predicted the terrorist activities of September 11, much less their impact.

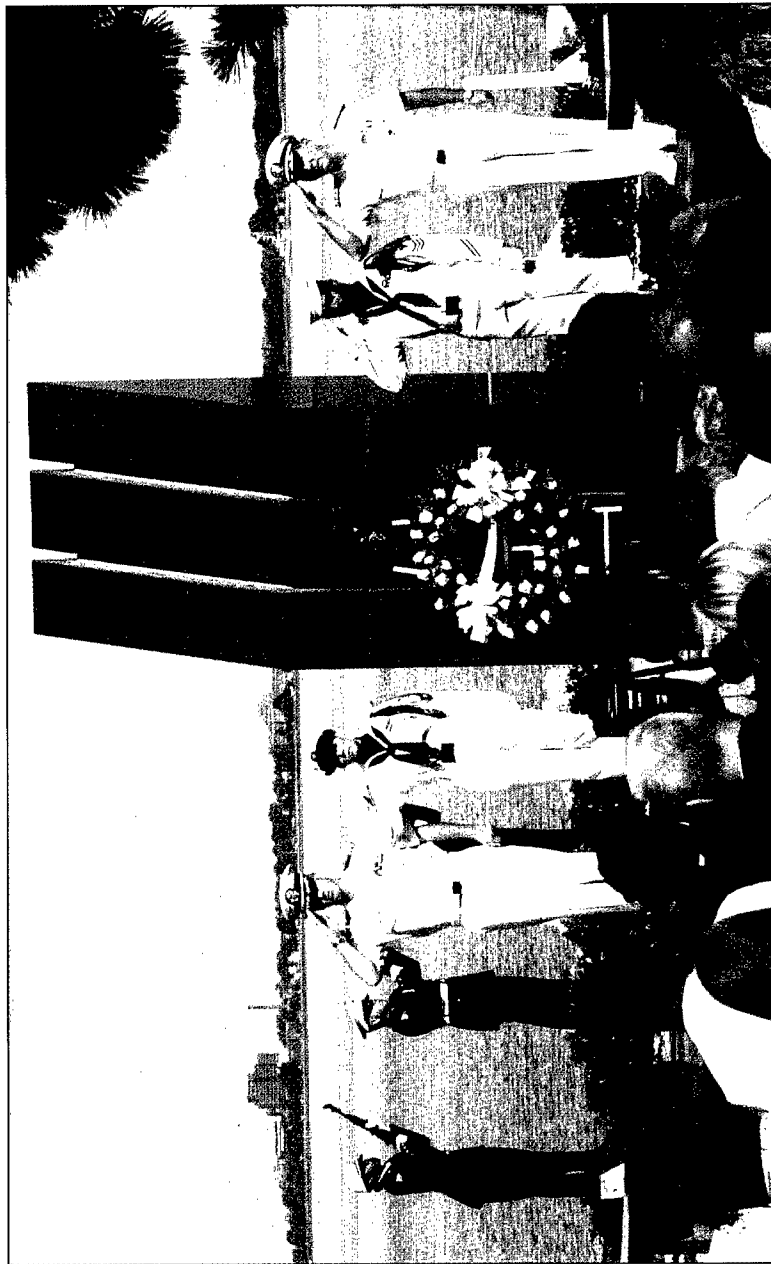
In many respects, the activities the Society undertook following the terrorist attack on USS Cole on October 12, 2000 and the Pentagon on September 11, 2001, not only overshadowed our "routine" relief services, but also marked a return to our roots that had been planted ninety-eight years earlier. Nineteen caring and compassionate Volunteers created the Society "to collect funds and provide relief for indigent widows and orphans of officers, sailors, and enlisted men of the United States Navy and Marine Corps, to aid in securing employment for them, and to furnish educational facilities." Those words, written by Grace G. Higginson, the Society's first President, opened her remarks in the Society's first Annual Report. She closed her statement by writing, "The Society has clearly demonstrated its usefulness; its permanency is assured, and the unselfish and painstaking work of the various officers and committees deserve the highest praise."

"Team NMCRS remains financially sound and ever-ready to respond to the emergency financial needs of our Navy and Marine Corps families."

Through some extraordinary events and circumstances, we found ourselves devoting special attention to a relatively small segment of our client population – the widows and orphans resulting from the terrorist attacks on the USS Cole, the World Trade Center, and the Pentagon; and the families of Navy and Marine Corps casualties resulting from our nation's war on terrorism in Operation Enduring Freedom.

Whether or not the Navy had requested the Society collect and administer the USS Cole

Memorial Fund or the Pentagon Assistance Fund, we were prepared to respond to the emergency financial needs of these families. After all, we've been providing such support 24/7 for nearly a century. However, the overwhelming response from benevolent individuals and organizations across the globe enabled the Society to provide much more than our normal support to these families. Our assistance has protected their future by guaranteeing four years of college, technical, or vocational training for the surviving spouses and children.

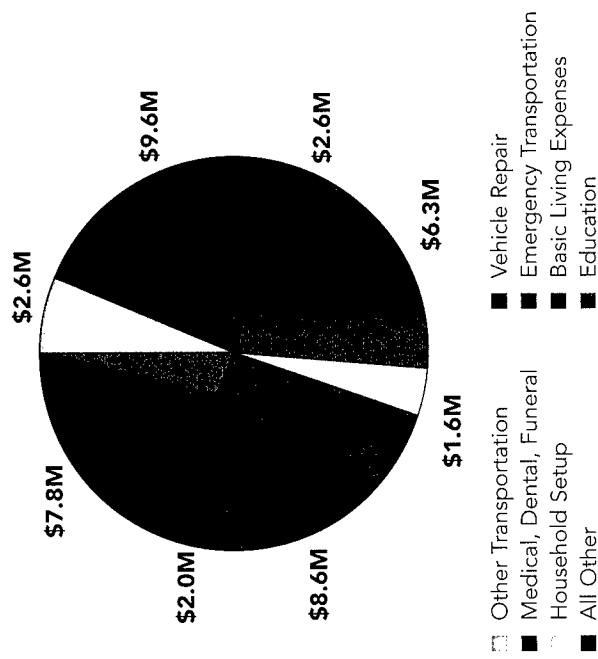


Rendering honors at the dedication of the USS Cole Memorial at Norfolk Naval Station on October 12, 2001, the first anniversary of the terrorist attack on the guided missile cruiser in Aden, Yemen. Seventeen Sailors were killed. Photo by Michael Sandberg.

Maintaining a Strong Partnership

During 2001, the Society continued to maintain a strong partnership with the leadership of the Navy and Marine Corps, while our 3,000 Volunteers and small professional staff carried out our mission of responding to the needs of active duty and retired Sailors, Marines, and their families around the world. The Society responded to requests for financial assistance in nearly 52,000 cases, disbursing more than \$41 million in interest-free loans and grants. Basic living expenses, vehicle repairs, and emergency travel accounted collectively for \$24.5 million, or 59% of the total financial assistance provided during the year. Team NMCRS remains financially sound and ever-ready to respond to the emergency financial needs of our Navy and Marine Corps families.

Financial Assistance by Category



The uncommon determination and professionalism universally displayed by the members of the Navy-Marine Corps Relief Society made possible Navy's recovery from the devastation of these events and are a testament to the true spirit and strength of your extraordinary organization... History will long remember the common bonds we forged in the first battle of the war against terrorism."

With deepest gratitude,

Vern Clark

Gordon England

On the three-month anniversary of 9/11, Secretary of the Navy Gordon England and Chief of Naval Operations, Admiral Vern Clark, USN, recognized the Society's efforts with a Lone Sailor plaque. In the letter accompanying this award, these key members of our important partnership with the active Navy forces wrote,

"From the initial dark hours through the difficult days and weeks that followed, you stood shoulder to shoulder with us, united in the common purpose of ministering to the many needs of our grief-stricken families."

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One example of our strong partnership was our progress in implementing the Society's Casework Assistance Program (CAP).

Throughout 2001, working quietly, beyond the spotlight, our contractor and members of the CAP Installation, Upgrade, and Training Teams, with tremendous support at Society Offices around the world, made tremendous progress in taking CAP from a dream to reality. At every Society location, there was a requirement for interface with and support from members of the active duty Navy-Marine Corps Team. We are privileged and honored to have the enthusiastic endorsement of the Navy and Marine Corps leadership, and even more importantly, the full cooperation and hands-on assistance of highly skilled and technically proficient computer experts around the world. Following completion of very successful Beta Tests at Camp Lejeune, Cherry Point, and New River last Fall, we are applying "lessons learned" and expertise gleaned from that significant milestone test to our continued installation and training at other sites across the Society.

Prior to our scheduled implementation of CAP, the Society completed the centralization of banking, bookkeeping, and loan follow-up functions. Through modern technology and improvements in our business practices, the local Society Office staffs can dedicate more of their time to responding to the needs of their clients, and less time concerned with administrative details and paperwork.

Our Other Most Significant Partners

With 54 Full Service Offices, 52 Emergency Service Offices, 157 Shipboard Offices, and a small number of paid employees, the Society relies on the dedication, professionalism, and talent of its 3,000 Volunteers (including 500 active-duty service members). We are truly blessed in our ability to recruit and retain these gifted men and women who give so unselfishly of their time and talent. They are intelligent. They are reliable. They are resourceful. They are compassionate. Without them, the Society would be incapable of accomplishing its mission. Having raised our recruiting expectations and improved our training standards, anyone entering any of our offices would be hard pressed to distinguish a part-time Volunteer from a full-time employee.

Looking to the Future

With Navy and Marine Corps forces actively engaging the enemy in Operation Enduring Freedom in our Nation's war against terrorism, we can expect additional casualties. It is impossible to predict their numbers. And it is impossible to know when this conflict will end. Regardless of its length and the number of casualties suffered, the Society stands ready to meet the unique needs of those who lose a loved one in combat.

It is heartwarming to know that **Team NMCRS** remains a resource to all of our Sailors and Marines, active duty and retired, single and married, and their families. It is also encouraging to know that the safety net that the Navy-Marine Corps Relief Society provides is recognized, appreciated, and counted on by all hands. That understanding and reliance comes from the Marine and Navy Recruit, the Commanding Officer of a ship or battalion, to the Co-Chairmen of our Board of Directors – our Chief of Naval Operations and Commandant of the Marine Corps. We enjoy a superb reputation as the premier military relief agency in the world. Through nearly a century of dedicated service, we have earned that reputation. Every member of our team—Volunteer, employee, private or corporate contributor—should take pride in our success. I thank all of you for your many and varied contributions and sacrifices. I salute your efforts, respect your values, sing your praises, and pray for your safety and good health.

All the best,



J. L. JOHNSON
President

Greetings from the Secretary of the Navy



***"Please accept my eternal
gratitude for everything
you do to improve the lives
of our Sailors, Marines,
and their families."***

On behalf of our magnificent Sailors and Marines, I take particular pleasure in thanking the Navy-Marine Corps Relief Society for its service, dedication, and generosity during your ninety-eight year history. As our men and women in uniform fight to secure freedom and liberty for our children and grandchildren in this first war of the twenty-first century, your organization has never been more important.

Throughout the years, the Navy-Marine Corps Relief Society's work has improved countless lives. Young parents grappling with new responsibilities, Sailors and Marines struggling with debt, and families grieving the loss of their loved ones have all been touched by the generosity and kindness of this independent organization. Through it all, the Society's array of volunteer services and donation programs has assisted the Navy and Marine Corps in caring for our most precious resource—people. Because of your help, our services have taken care of our

own and, just as importantly, countless men and women have moved past their personal challenges and have re-focused on their commitment to protect our nation.

You can take great pride in the care and support you have rendered to those who safeguard our way of life. Please accept my eternal gratitude for everything you do to improve the lives of our Sailors, Marines, and their families. God Bless each and every one of you who serve this fine organization and God Bless our men and women in uniform and their families.

All the best,

GORDON R. ENGLAND

A Message from the Commandant of the Marine Corps



***"Like the Naval Services it
supports, the Society is
expeditionary and forward
deployed with over 250 offices
ashore and afloat."***

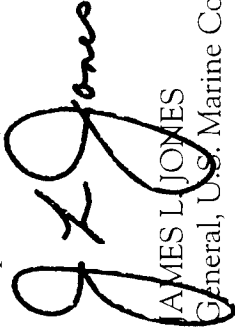
The Navy-Marine Corps Relief Society is the first place where Sailors and Marines turn for financial, educational, and other assistance.

The Society's success in helping those in need is a reflection of the selfless service, devotion to duty, and professionalism of its small staff and over 3,000 trained Volunteers located around the globe. Like the Naval Services it supports, the Society is expeditionary and forward deployed with over 250 offices ashore and afloat.

The impact of the support that the Navy-Marine Corps Relief Society provides transcends the monetary value of its interest-free loans, grants, scholarships and numerous services. The Society's many activities truly bolster military preparedness and reinforce the Naval Services' fundamental commitment to "taking care of our own."

On behalf of the entire Marine family, I extend heartfelt thanks to the Navy-Marine Corps Relief Society for your contributions to the well being of our Naval Services and this great Nation.

Semper Fidelis,


JAMES L. JONES
General, U.S. Marine Corps

A Message from the Chief of Naval Operations

Since 1904, the Navy-Marine Corps Relief Society has served as a lifeline for our Sailors, Marines, and their families.

Now, more than ever, that service matters. As our Sailors and Marines take the fight to the enemy in the war on terrorism, the Navy-Marine Corps Relief Society helps our Navy make good on promises – promises to grow and develop our people, promises to provide the tools, training, and support necessary to succeed.

On behalf of the Sailors and Marines you support so well, please accept my deep appreciation for your tireless service to the men and women who wear the cloth of the nation and the families who support them.

Sincerely,



VERN CLARK
Admiral, U.S. Navy



"The Navy-Marine Corps Relief Society helps our Navy make good on promises...promises to grow and develop our people..."

Nothing is Stronger Than the Heart of a Volunteer



Just by looking, you can tell that the hearts of Team NMCRS Gulfport beat with a desire to provide enthusiastic assistance to our Navy and Marine Corps clients.

In the movie "Pearl Harbor," Army Air Corps LtCol Jimmy Doolittle is given command of a retaliatory airstrike against Tokyo in April 1942. Standing aboard the USS Hornet, Colonel Doolittle surveys several of the pilots who have stepped forward to go on the dangerous mission. As he thoughtfully watches two of his pilots, he comments to another officer, "There's nothing stronger than the heart of a volunteer."

"There's nothing stronger than the heart of a volunteer." Never has a truer sentence been uttered! As history proved during that strike against Tokyo and has continued to prove during every conflict in which American Soldiers, Sailors, Airmen, and Marines have been involved, there is certainly no stronger force an enemy can face than the dedication of our Armed Forces. The determination to avenge a wrong, coupled with an unabashed belief in what is just and fair, has proven to be the hallmark of every man and woman who has ever served our country.

The importance of those individuals who choose to give of themselves to make a difference in the lives of their fellow citizens is not lost. The selflessness these individuals exhibit is truly commendable, and especially so when one considers that, by definition, a volunteer is not compensated in monetary terms for the time and effort expended on behalf of others. The

"But deep inside, the heart of the Navy-Marine Corps Relief Society Volunteer is strengthened by the belief that they've made a difference to their fellow Sailor or Marine."

Lisa Aszklar

heart of a volunteer recognizes an undeniable need to devote time and to give for only one purpose: to help better the situation of someone else.

The fact that "someone else" is a total stranger makes the effort, which comes from deep within, all the more special.

Volunteers who sought to improve the lives of widows and orphans of U. S. Navy personnel founded the Navy-Marine Corps Relief Society in 1904. Over the years, innumerable service members and their families have called upon the Society to help when emergencies occurred. This alone is remarkable, but it is *astounding* that NMCRS is staffed by more than 3,000 volunteers worldwide, with only a very small paid administrative staff.

Why? Why do so many men and women – civilians, active duty and retired military personnel, and spouses of military personnel – choose to spend their own time doing a variety of jobs with absolutely no monetary compensation? They choose to give of their time because of an unwavering belief that their efforts, in some small way, will make life just a little better for someone else. The volunteer seeks no thanks, and in many cases, those they've helped never know their name. But deep inside, the *heart* of the Navy-Marine Corps Relief Society volunteer is strengthened by the belief that they've made a difference to their fellow Sailor or Marine.

Article by Lisa Aszklar
Publicity Chairman
NMCRS Washington Navy Yard

2001 At a Glance

Looking Back

At more than 250 offices ashore and afloat throughout the world, the Society's 3,000 dedicated, trained, compassionate, and professional Volunteers, supported by a small cadre of paid employees, worked diligently during the past year to improve the quality of life of tens of thousands of active duty and retired Sailors, Marines, and their families.

Financial Assistance \$41.1M 51,747 Cases

Emergency Aid (\$33.3M)

- \$29.4M interest-free loans
- \$3.9M grants
- 45,703 financial assistance cases
- Average amount per assist: \$728.82

Food and shelter; vehicle repairs; household set-up; medical and dental; funeral; emergency transportation; miscellaneous

Education Program (\$7.8 M)

- \$6.6M scholarships/grants
- \$1.2M interest-free loans
- 6,044 cases

Scholarships and loans; children of active duty, retired, and deceased service members; spouses of active duty; enlisted in-service college programs

Other Forms of Assistance

Budget Counselors

- Money management seminars to 100,000 service members

Casework Services

- 40,367 individual counseling and referral cases (including layettes)

Layettes

- "Junior Seabags" furnished for 8,125 new family members

Thrift Shops

- 35 "boutiques" were a source of low-cost clothing & household items

Visiting Nurses

- 35,594 patient contacts

Source of Funds

Contributions

- Annual active duty fund drive and direct mail solicitation of retirees, bequests and memorials

Largest Single Contribution

- Annual Navy-Marine Corps Ball in Washington, D.C.

Largest Source of Funds

- Client repayment of interest-free loans

Other Sources of Revenue

- Investments and receipts from Thrift Shops

Report of the Relief Committee

The Relief Committee of 2001 was comprised of the Society President and spouses of senior officers and enlisted personnel of the Navy and Marine Corps. Several members of the Committee also served on the Society's Board of Directors. The Relief Desk in the Casework Division at Headquarters is staffed daily on a rotating basis by five Relief Committee members and one alternate.


The Relief Committee members who served during the year 2001 were: Connie Clark, Mary Fry, Joanne Haskins, Sharon Herdt, Marge Hernandez, Betty McKissock, Brenda Nyland, Pam Rempt, and Karen Young.

The Committee members who staff the Relief Desk review and authorize assistance in cases involving widows' supplements as well as complicated dental, medical, or car repair cases. The cases and recommendations are based on research and data provided by professional caseworkers, and approval for assistance requires three affirmative signatures of Committee members.

Committee members also act as a link between Headquarters and the Volunteers in the field and serve on selection boards for hiring Directors of local NMCRS Offices. Monthly meetings keep the committee members current in areas such as training, policies and procedures, new technology, and information systems. Presentations by other agencies that provide assistance to military members and their families are also occasionally included in the monthly meetings as well.

Serving on the Relief Committee provides an opportunity to gain a great deal of satisfaction and enjoyment that comes from helping others.

"Serving on the Relief Committee provides an opportunity to gain a great deal of satisfaction and enjoyment that comes from helping others."



Betty McKissock
Chairman, Relief Committee

Volunteer Awards

The Navy-Marine Corps Relief Society relies heavily on the dedication and commitment of its volunteer workforce. Meritorious Service and Superior Performance Awards are presented to Volunteers in recognition of outstanding service and unusual achievement. The following outstanding Volunteers were honored for their exceptional contributions and performance during 2001:

Meritorious Service Award

Jill Boudreau, San Onofre
 Terry Ann Calvert, Fallon
 Lynn Crawshaw, Little Creek
 Irene Dirksen, Great Lakes
 Theresa Foote, Millington
 Linda Freitas, China Lake
 RPCS K. Grayson, USN, USS Nimitz

Jennifer Holdt, Camp Lejeune
 Beth Hyder, Oceana
 Judy Lantz, La Maddalena
 Nancy Loncarich, Camp Lejeune
 Julie Mahoney, Meridian
 Beth Middleton, Camp Pendleton
 Megan O'Connell, Pensacola

Nanci Pruter, Pensacola
 Melanie Rice, Quantico
 Donna Rosa-Jacobs, Sigonella
 Patrice Wallace, Bangor
 Melodie Weddle, WNY
 Crystal Wilson, San Diego
 Marcie L. de Zafra, Medidian

Superior Performance Award

NCC (AW) Jeff Ayers, USN, New Orleans
 Mary Ayers, New Orleans
 Donna Barnes, Jacksonville
 Lee Baronet, Norfolk
 Florence Bass, New Orleans
 Donna Bisson, Oceana
 Linda Black, Newport
 Margaret Brooks, Gulfport
 Terry Bryant, Pensacola
 Patricia Canepa, Miramar
 Cheryl Carrillo, Rota
 Susan Caughlan, Miramar
 Hildegard Chambers, Port Hueneme
 AEC Paul Cronk, USN, Patuxent River
 Patricia Lee Crosby, Millington
 Sharon Dahmen, Okinawa
 Marie Davis, Gulfport

Harold Doxtater, Oceana
 Carol Ertwine, San Diego
 Charles W. Gibson, Gulfport
 Fern Hadrosky, Little Creek
 Rebecca Haire, Mayport
 Nancy L. Henton, Everett
 Maxine Herrick-Andrews, Little Creek
 Laurel Hnatovic, Bremerton
 Stephanie K. Hume, WNY
 Josi Hunt, Mayport
 Kris Jenness, Okinawa
 Beverly Johnston, China Lake
 Cynthia Kliewer, Little Creek
 Sheila F. Lang, Fallon
 Pamela J. Letexier, Bremerton
 Ruth MacDonald, Millington
 Letecia Madril, Quantico

Bre McGeachy, Quantico
 Christine Mikkola, Groton
 Pauline Miles, Millington
 Eileen Neunabor, Meridian
 Theresa Pearson, Bangor
 Lillian Perry, Quantico
 ABHC Terrance Pope, USN, Millington
 Laura Price, Cherry Point
 Catherine Ramey, Groton
 Dee Richard, Camp Lejeune
 Dianne Rocereto, Pensacola
 Melinda Spannuth, Camp Pendleton
 Colette Talkington-Phaehler, Bangor
 Ashley Thomas, Pensacola
 Susan Thompson, Patuxent River
 PNC Doug Vaughn, USN, New Orleans
 Marilyn Faye Warner, Earle

Society Helps Cancer Victim Through Trying Times



Lance Corporal Matt Morrison, USMC, is a 20-year-old lean, mean, fighting machine. Right out of Boot Camp last April, he was stationed at

Marine Corps

Security Force Company to guard the Navy's strategic assets at the Naval Submarine Base Kings Bay, Georgia. But after just seven months on the job, before Thanksgiving, Matt's feelings of invincibility disappeared.

A physical fitness nut who loved to run and lift weights, Matt woke up feeling exhausted. With a "can do" attitude, he went to work as usual, but knew that something wasn't "right." After several days without relief, Matt went to sick call at the King's Bay Clinic. After a quick physical and medical history were inconclusive, the Corpsman referred Matt to the National Naval Medical Center at Naval Air Station Jacksonville, Florida.

Doctors quickly diagnosed the source of Matt's fatigue. He had cancer that would require surgery. He called his mother, Regina, in New Jersey, to share the distressing news, and tell her that doctors encouraged her bedside presence.

Lance Corporal Morrison realized that he and his mother could ill afford the air travel, lodging, and other incidental expenses. His command contacted the Kings Bay Office of the Navy-Marine Corps Relief Society and encouraged

Matt to seek assistance in developing a tentative plan and identifying resources. Mother and son rendezvoused in Jacksonville before he was admitted for surgery.

Fortunately the cancer hadn't spread and the surgeons were confident they had removed all of the diseased tissue. After three days in recovery, Matt's doctors announced that they were going to release him for transfer to the National Naval Medical Center, Bethesda, Maryland, where he could get the best care for follow-up chemotherapy and continued observation.

Matt scheduled an appointment with Susan White, Office Assistant and Caseworker at the Society's Kings Bay Office, to review his situation. After verifying that temporary military lodging was unavailable at Bethesda, and placing his name on their waiting list, the Society provided 7 days of lodging, food, and gas for Matt and his mother. Matt was also given points of contact at the Bethesda Naval Hospital and local Society Office. Susan White feels strongly that Matthew Morrison represents exactly the kind of client the Society is here to assist. "He had excellent Navy medical treatment available, but didn't have the resources to cover the associated expenses for this unforeseen emergency."

Matt and his mother drove his car from Florida to Bethesda, Maryland. After checking in at the Navy Hospital, the pair checked into one of the Zachary and Elizabeth Fisher Houses. Located on the grounds of military hospitals, these large and comfortable homes, similar to Ronald McDonald Houses, offer a peaceful place to relax within short walking distance of the hos-

pital, and feature private suites for families, and a common living room, dining room, and kitchen. Between chemotherapy treatments when Matt wasn't required to remain in the hospital, he and his mother spent almost two months at the Fisher House. After reviewing his finances, he sought further assistance from the Society. Judy Katzwinkel, Director of the NMCRS Bethesda Office, reviewed his budget, spoke with Susan White at Kings Bay, then agreed to pay his Fisher House bill. The Society ultimately converted \$1,470 in loans to grants.

Fast-forward four months. Matt remains cancer free, is temporarily employed at the gym at Henderson Hall in Arlington, Virginia, and is happy to be working out and getting back into shape. He will remain on Limited Duty until August when the Marine Corps will issue him a new set of orders. He has a bright smile, a positive attitude and credits his optimism to the skill of his Navy doctors, and the enthusiastic support he received from the Society in both Kings Bay and Bethesda.

"I have absolutely no complaints. The Navy surgeons were skilled. They got me in and out promptly with no scheduling delays. And the Navy-Marine Corps Relief Society freed me from the worry of excessive credit debt. Knowing my mom and I weren't accruing large bills that would have to be paid off sometime in the future was a tremendous relief to both of us. I concentrated on getting back to good health as fast as possible. And I'm beginning to feel like a lean, mean fighting machine again. Well, maybe not mean."

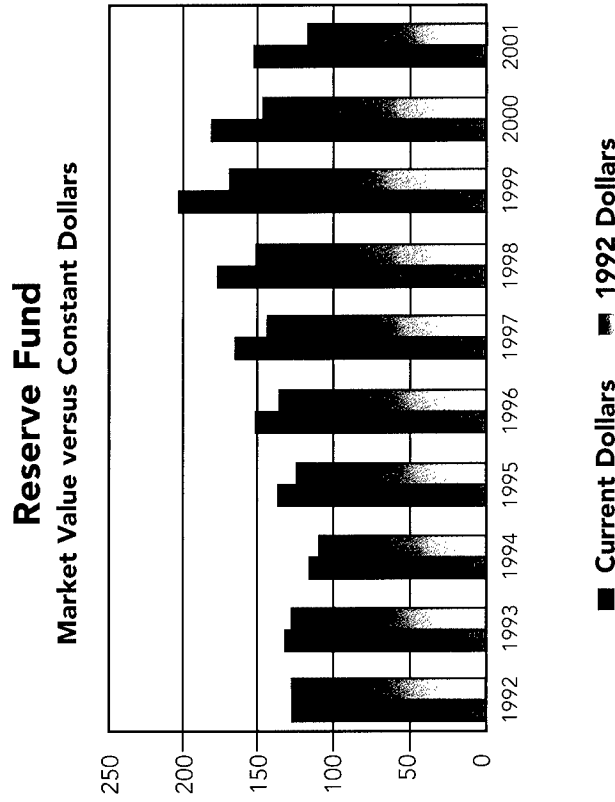
Report of the Finance Committee

The market value of the Society's investments, consisting of a Reserve Fund and several Restricted Funds, was \$153.0 million at year-end 2001 as compared to \$185.1 million at year-end 2001. The Reserve Fund totaled \$150.5 million and the Restricted Funds totaled \$2.5 million.

The Finance Committee seeks to achieve a total return on the Society's Reserve Fund that will: (1) fund all administrative expenses; (2) fund all relief service expenses not covered by contributions and loan repayments; (3) fund the Society's education programs; and (4) grow the remaining value of the reserve fund at the rate of inflation as measured by the Consumer Price Index (CPI). In 2001, for the second consecutive year, due to adverse overall market returns, the Society was not successful in achieving the latter objective.

The Reserve Fund had a total return of -8.3% after reduction of fees. During the year, \$10.4 million was withdrawn from the Reserve Fund in the form of interest, dividends, and capital withdrawals. These funds were used to meet the administrative expenditures of \$9.0 million, with the remaining amount being used to augment funding of relief services.

The accompanying chart displays the market value of the Reserve Fund at year-end for the period 1992-2001 compared with its value in constant 1992 dollars as deflated by the CPI for the 10-year period.



PETER C. CONRAD
Chairman, Finance Committee

Statement of Financial Position

As of December 31, 2001

Assets

Cash ¹	0
Receivables, Prepaid Expenses And Inventory	3,464,779
Investments	153,740,090
Outstanding Loans	16,944,305
Property and Equipment	<u>1,620,421</u>
Total Assets	<u>\$175,769,595</u>

Liabilities and Net Assets

Accounts Payable ¹	\$5,162,764
Net Assets (see Summary of Operations)	170,606,831
Total Liabilities and Net Assets	<u>\$175,769,595</u>

¹ Cash and Accounts Payable totals reflect the Society's use of its Line-of-Credit in the amount of \$1,517,716 at Year's End.

Summary of Operations

For the 1-Year Period Ending December 31, 2001

Beginning Net Assets	\$206,541,556
Revenues	
Contributions ²	\$14,832,181
Investment Returns	-20,447,857
Miscellaneous	840,607
Total Revenues	-\$4,775,069
Expenses	
Assistance (Financial & Programs) ³	\$19,798,853
Administrative (includes depreciation)	11,360,803
Total Expenses	31,159,656
Change in Net Assets	<u>-\$35,934,725</u>
Ending Net Assets	<u>\$170,606,831</u>

² Includes \$1.2M for the USS Cole Memorial Fund and \$3.1M for the Pentagon Assistance Fund

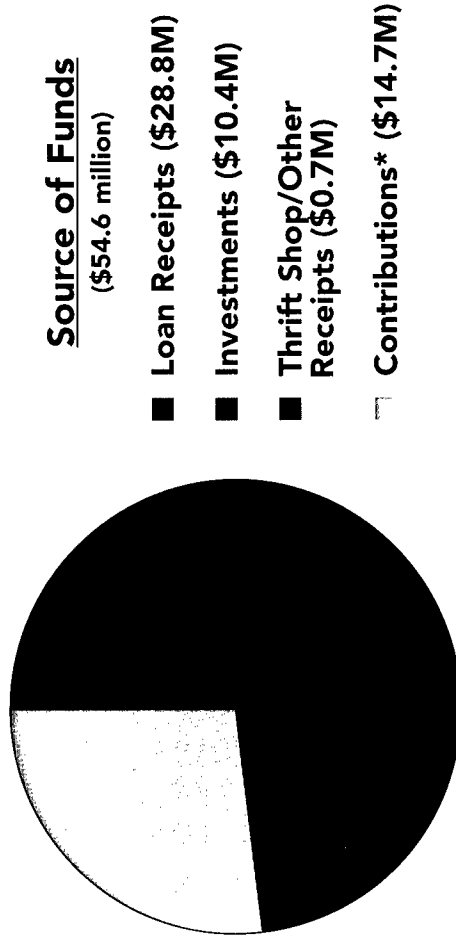
³ Includes \$750.1K from the USS Cole Memorial Fund and \$47.3K from the Pentagon Assistance Fund

Independent Audit: The Society's Financial Statements for the year ended December 31, 2001 were audited by independent auditors from the firm Murray, Jonson, White & Associates, LTD, Certified Public Accountants, of Falls Church, Virginia. Copies of the report have been provided to all members of the Society's Board of Directors and to the Directors of NMCRS Full Service Offices. Copies of the audit report are available by contacting the Vice President, Chief Financial Officer, Navy-Marine Corps Relief Society, 801 North Randolph Street, Suite 1228, Arlington, Virginia 22203

Financial Highlights

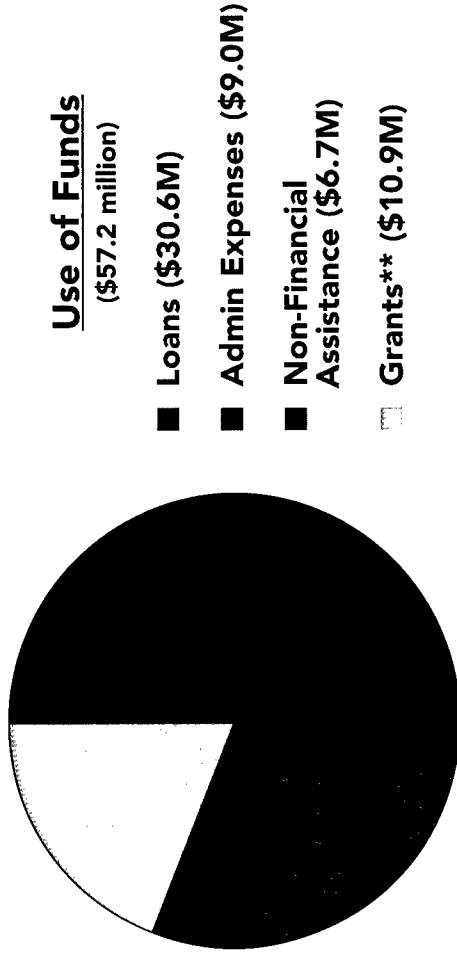
Source of Funds

The Society had an inflow of \$54.6 million in 2001. More than half of that amount, \$28.8 million, came from the repayment of interest-free loans by the Society's clients. Interest, dividends, and cash withdrawals from the Society's Investment Portfolio provided \$10.4 million. Contributions totaled \$14.7 million, principally from the Active Duty and Retired Fund Drives, but also from bequests, memorials, and other types of contributions, including the Pentagon Assistance Fund and the USS Cole Memorial Fund. Other receipts, from Restricted Funds and Thrift Shop operations, amounted to an additional \$0.7 million.



Use of Funds

The Society used this inflow to conduct operations as shown on the accompanying chart. The largest use was for making new interest-free loans. Loan receipts and new loans are essentially a "wash," and with the exception of loans that are later converted to grants and loans that are ultimately declared as uncollectible, these funds act as a "revolving" fund. Administrative Expenses were covered, in their entirety, by funds provided from the Investment Portfolio. Grants and Non-Financial Assistance are funded principally by Contributions, and, to a lesser extent, by Other Receipts (including Thrift Shop profits) and withdrawals from the Society's Investments.



* Includes \$1.2 M for the USS Cole Memorial Fund and \$3.1M for the Pentagon Assistance Fund

** Includes \$750.1K from the USS Cole Memorial Fund and \$47.3K from the Pentagon Assistance Fund

2001 Financial Assistance & Fund Drive Contributions

Full Service Offices	Financial Cases	Loans	Grants	Total Assist	Average Assist	Fund Drive
Bangor	202	\$128,887	\$22,742	\$151,629	\$751	\$87,457
Beaufort	549	408,418	6,286	414,704	755	62,015
Bethesda	241	109,804	14,766	124,570	517	50,433
Bremerton	708	467,805	56,806	524,611	741	124,768
Brunswick, Maine	183	118,602	16,379	134,980	738	64,653
Camp Lejeune	2,104	1,146,943	48,017	1,194,960	568	302,283
Camp Pendleton	1,724	1,186,286	89,841	1,276,127	740	379,310
Charleston	449	268,970	17,220	286,191	637	122,573
Cherry Point	356	187,254	11,687	198,941	559	97,688
Corpus Christi	650	396,286	31,827	428,114	659	125,179
Everett	705	434,917	67,205	502,122	712	107,555
Fallon	162	85,606	1,948	87,555	540	23,258
Fort Worth	465	372,372	50,526	422,898	909	36,856
Great Lakes	1,118	625,058	85,659	710,717	636	410,202
Groton	803	589,632	67,742	657,374	819	196,868
Guam	185	192,534	19,383	211,917	1,145	67,267
Gulfport	855	522,113	48,252	570,365	667	107,270
Hawaii	812	601,189	56,263	657,452	810	330,495
Headquarters (Education)	5,469	2,753,166	1,080,059	3,808,279	696	1,084,797
	6,044	1,194,360	6,618,826	7,840,026	1,297	N/A
Ingleside	278	159,085	27,651	186,736	672	53,167
Jacksonville	1,633	1,116,796	153,443	1,270,239	778	249,031
Japan	539	525,068	1,350	526,418	977	462,779
Kaneohe	483	356,843	27,506	384,349	796	104,961
Kings Bay	525	359,286	28,354	387,640	738	135,631
Lemoore	549	368,022	23,267	391,289	713	121,418
Little Creek	1,050	693,062	107,758	800,820	763	40,103
London	115	105,957	12,451	118,408	1,030	121,544
Mayport	1,435	849,032	154,902	1,003,934	700	263,641
MCRD, San Diego	395	304,308	13,230	317,538	804	169,130
Millington	182	134,560	14,117	148,677	817	65,677
Miramar	1,306	\$1,003,940	\$91,296	\$1,095,236	\$839	\$121,477

Point to Remember

While it is interesting to note the number of cases and average dollar amount per assist at various sites, what really matters is that the Society is always there to respond to the needs of the Navy-Marine Corps community.

2001 Financial Assistance & Fund Drive Contributions

Full Service Offices	Financial Cases	Loans	Grants	Total Assist	Average Assist	Fund Drive
Naples	331	\$263,445	\$11,188	\$274,633	\$830	\$111,861
New Orleans	480	378,027	29,549	407,576	849	93,156
New River	479	296,335	8,735	305,069	637	38,634
Newport, Rhode Island	109	70,840	13,274	84,114	772	57,920
Norfolk	4,202	2,603,085	325,068	2,928,154	697	1,049,771
North Island	1,685	1,211,380	114,834	1,326,214	787	275,614
Oceana	1,141	760,462	84,794	845,256	741	266,482
Okinawa	405	383,890	13,364	397,253	981	279,256
Parris Island	395	252,762	12,111	264,873	671	185,695
Pascagoula	241	157,543	18,100	175,644	729	42,657
Patuxent River	139	98,292	8,726	107,018	770	72,807
Pensacola	1,367	815,166	152,530	967,696	708	353,565
Port Hueneme	431	304,479	15,968	320,447	743	75,897
Portsmouth, VA	307	176,415	37,898	214,313	698	47,958
Quantico	561	414,080	50,207	464,287	828	146,581
Roosevelt Roads	177	156,723	6,247	162,970	921	34,006
Rota	151	82,542	5,680	88,222	584	67,228
San Diego	3,048	1,976,726	269,716	2,246,442	737	692,107
San Onofre	686	513,574	52,097	565,671	825 incl w/CampPen	
Sigonella	238	204,232	5,910	210,142	883	105,027
Twenty Nine Palms	946	541,808	39,780	581,588	615	128,963
Washington Navy Yard	550	368,217	67,828	436,045	793	373,328
Whidbey Island	959	587,447	48,030	635,477	663	159,895
Yuma	445	\$285,524	\$20,195	\$305,718	\$687	\$53,856
Totals	51,747	\$30,669,154	\$10,478,591	\$41,149,640	\$795	\$10,401,750

Assistance vs. Contributions

In 2001 the Society provided financial assistance totaling \$41.1 million, about four times the amount it received in contributions.

Statistics about financial assistance tell only part of the story. The Society also assists its clients in other important ways: budget counseling, visiting nurse services, casework referrals, junior seabags, and thrift shops. The value of this non-financial assistance? Priceless!!

A Comparison of Financial Assistance to Contributions

The accompanying chart provides a contrasting picture of financial assistance by the Society to its clients over the 10-year period from 1992 through 2001, and the amount of contributions received by the Society over that same time period. Other than the significant increases during the Gulf War and following the terrorist attacks on USS Cole in October 2000 and the Pentagon and World Trade Center in September 2001, contributions have remained relatively steady.

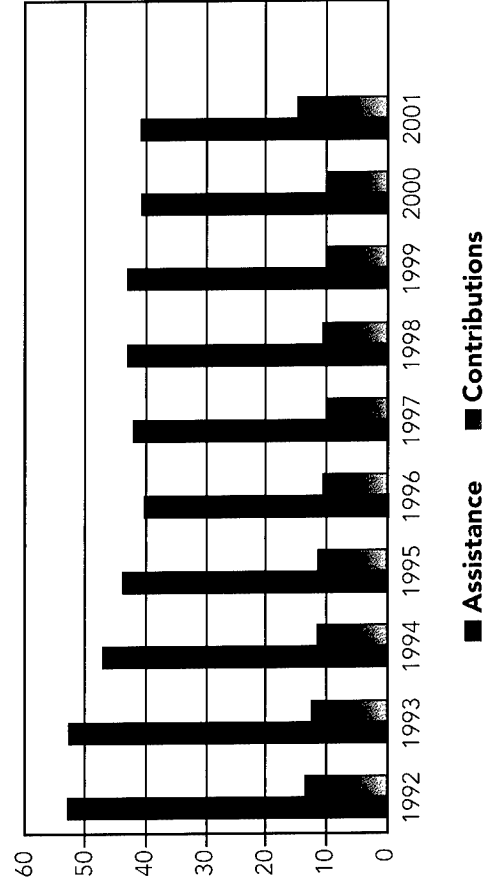
During this period, the Society provided an average of \$44.8 million annually in financial assistance to clients in the form of interest-free loans and grants, while charitable contributions to the Society averaged \$11.4 million per year.

The Society's level of assistance peaked in the early 1990's as a result of the extraordinary number of requests and hardships associated with Operations Desert Shield and Desert Storm.

The general decline in assistance from 1993 through 1996 paralleled the downsizing of the Navy and Marine Corps. The underlying leveling off of overall assistance in the most recent years reflects a slight decrease in emergency assistance and a corresponding increase in providing need-based educational assistance to help service members, their spouses, and eligible children pursue their academic goals.

This increased assistance in education was made possible because of the excellent return the Society received on its investments. As the chart illustrates, financial assistance provided to our clients over the period exceeded contributions by a factor of four.

Financial Assistance & Contributions
1992-2001 (in \$millions)



Rocky Road—More Than an Ice Cream Flavor



If you have ever caught an episode of the Learning Channel's "A Wedding Story" or "A Baby Story" you are familiar with the inspirational tales they feature regularly. Some

stories are endearing and some are truly incredible. But the stories are presented in true Hollywood fashion, giving the viewer a fairytale perception. The audience never witnesses the rocky road that life often throws many of us.

A rocky road has certainly been the case with one family here in Pensacola. Sherry and Edgar Montgomery certainly experienced a rocky road last Spring as they anxiously awaited the birth of their twins. Edgar Montgomery was stationed at NAS, attending Aviation Support School while Sherry lived with his mother in California.

(Because Edgar was in training, the military could not transfer Sherry to his duty station.) When the elder Mrs. Montgomery passed away unexpectedly in April, Edgar flew home on emergency leave to attend the funeral. Since the couple's financial resources were limited, Edgar contacted the Navy-Marine Corps Relief Society (NMCRS) for assistance with paying for the airfare to California. The Society came to their aid.

The loss of the elder Mrs. Montgomery was only the beginning of the couple's troubles. As hard as the death was on Edgar, it was equally hard

on Sherry, who had almost no contact with her immediate family. The mother and daughter-in-law had developed a close relationship and Sherry states, "I felt she was more of a mother than anybody else because of all she did for me." After the funeral, Edgar returned to his job in Pensacola. Sherry remained in California with Edgar's family, eager to foster meaningful relationships with her new family.

As Sherry entered the third trimester of her pregnancy she became increasingly more fatigued. At the same time, her husband's family, which initially had been welcoming, began making demands on Sherry. They insisted that she help out more around the house with cleaning and cooking. Although Sherry found this unbearable, she put up with it for the sake of a family. This situation went on for more than a month and in June Sherry finally decided to make her way to Pensacola.

Sherry scrounged up enough money to buy a Greyhound ticket to Pensacola. In El Paso, however, Sherry started having contractions and was sent to the local hospital to avoid pre-term labor. Within a day, Sherry's situation was much improved and she was discharged from the hospital. But with no money, no food, and no way of continuing her journey to Pensacola, her only option was to spend a night in the homeless shelter while her husband tried desperately to figure out a plan. Edgar had no car and no money, so he was unable to get to his wife in El Paso. His supervisor advised Edgar to call Navy-Marine Corps Relief Society for emergency assistance.

The Society immediately arranged for Sherry to fly from El Paso to Pensacola and made a reservation at the Navy Lodge so that Sherry would have a place to stay while they set up a household for the Montgomerys. The caseworker then arranged for an OB appointment with the Naval Hospital and asked that a new parent support nurse escort Sherry to that appointment. The Society Thrift Shop donated household goods and a volunteer donated maternity clothes, baby clothes, a stroller and two playpens. Almost overnight, the Montgomerys went from having nothing to having a household ready for a family of four.

Nothing can be more frightening to a young mother-to-be than to be separated from her spouse, in a strange location, with no money, and two babies on the way—much too early. Thanks to the Navy-Marine Corps Relief Society, a potentially disastrous situation was avoided and the Montgomerys are starting a new life together here in Pensacola.

The Montgomerys welcomed Victoria Mary Ann and Victor Marion into their lives on July 30th. Both parents report that all are doing well. While Edgar finishes up his training at NAS, Sherry states, "I am busy with the new job of getting to know my little ones. I am just so happy to have them." Now that's a real "Baby Story."

Article by Michelle Delaney
Publicity Chairman
NMCRS Pensacola

Contributions 2001

After terrorists attacked the USS Cole (DDG 67) in October 2000, the spontaneous financial support from individuals, organizations, and corporations was overwhelming. Those of us who thought it would have a significant impact on the 2001 Active Duty Fund Drive and the Secretary of the Navy's direct mail solicitation of retirees were wrong. Contributions from the 2001 Active Duty Fund Drive remained constant from the previous year—about \$9 million. And contributions from retirees set an all-time record—\$1.3 million.

And then came 9/11 and the floodgates of support opened even wider. We received thousands of cards and letters. We received a 20-foot-long banner with thousands of signatures and expressions of condolence. We received hundreds of teddy bears, colored ribbons, and countless other items, all of which we forwarded to the families of the Pentagon victims. We even received one of five handmade quilts from the American Embassy in Singapore. And we received \$3.1 million from benevolent contributors around the world. It was overwhelming, and donations for the Pentagon Assistance Fund continue to arrive daily. The sheer numbers of those who made significant contributions are too cumbersome to publish here, but we take this opportunity to express again, how much we appreciate the thoughtful and generous contributions. Whether the donation was \$1 or hundreds of thousands of dollars, each contributor received a letter of thanks and gratitude. The following letter captured the spirit of wanting to do *something* to help out:

Dear Pentagon Assistance Fund,

My name is Allison Reisinger and today, September 30, 2001, I celebrated my 8th birthday. I invited my friends and family to celebrate my "patriotic birthday" by dressing in red, white & blue, and instead of giving me a gift, I asked that donations be made to your fund. I feel like I am able to do something to help out and I am very proud to be forwarding \$400. I hope this money will be used to make a difference.

Sincerely, Allison Reisinger

Estates, Trusts & Foundations

Rhoda Burke Andrews Trust
Patricia Armonia Trust

Mozelle G. Behannon Estate
Maxine A. Brown Estate

Robert E. Cook Trust

Rose & Henry Deeks Charitable Trust

DeLong-Sweet Family Foundation

Captain Celine A. Finn, USN (Ret.)

Valerie K. Grosz Foundation

Robert and Virginia Heinlein Trust

Betty Leach Administration Trust

Smith Richardson Foundation

Elaine E. Zimmerman Estate



Don Duncan, Vice President Government Relations, Phillips Petroleum, Co. presents a \$625,000 check to Society President Jerry Johnson. LtGen Nathaniel R. Thompson, U. S. Army (Ret), Director of Army Emergency Relief, and Robyn Kehoe, Director of the Washington, DC Office of the Federal Employee Education and Assistance Fund, were on hand for this special check presentation. The three relief agencies will share the donation intended to support the families of the victims of 9/11.

Our Guiding Principles:

We are committed to providing quality service.

We will meet our clients' emergency needs and, through quality services and programs, help them develop viable and lasting solutions to their problems. Our staff will apply the Society's policies on a consistent and compassionate basis. We will respond to emergent needs and changes.

We value our clients. We will:

- provide a non-judgmental atmosphere that encourages our clients to achieve self-sufficiency;
- preserve their dignity and self-respect;
- maintain appropriate and effective communications with commands; and
- respect client confidentiality within published guidelines of the Society.

We are committed to good stewardship.

We will be responsible stewards of the financial resources entrusted to us; we will exercise conscientious and diligent management of the Society's funds.

We value our staff.

We will provide our staff — Volunteers and employees — with the training, education, and other tools necessary to attain the highest levels of effectiveness and professionalism throughout the organization.

We value volunteerism.

We are committed to the principle of Volunteer Service; we will empower our Volunteers to administer the programs of the Society.

We believe in personal financial responsibility.

By helping clients develop their own problem-solving capabilities, the Society encourages personal financial responsibility; we recognize that the best solution is not necessarily direct financial assistance.

Offering a Helping Hand Around the World



If you aren't near any of the locations listed below when you need emergency assistance, you may contact the closest office of the American Red Cross, Air Force Aid Society, Army Emergency Relief, or Coast Guard Mutual Assistance for help, or call the Navy-Marine Corps Relief Society's Headquarters in Arlington, Virginia at (703) 696-4904!

Retain for future reference. Visit our website at www.nmcrrs.org

Albany	Dahlgren	Kings Bay	NWS Northwest	St. Mawgan
Arlington (HQ)	Dam Neck	Kingsville	Oceana	Stuttgart
Athens	Digby	La Maddalena	Okinawa	Sugar Grove
Atlanta	Earle	Lakehurst	Panama City	Twentynine Palms
Atsugi	El Centro	Lemoore	Parris Island	Wallops Island
Ballston Spa	Everett	Little Creek	Pascagoula	Washington Navy Yard
Bangor	Fallon	London	Patuxent River	Whidbey Island
Barking Sands	Fort Meade	Mayport	Pearl Harbor	Whiting Field
Barstow	Fort Worth	MCRD San Diego	Pensacola	Willow Grove
Beaufort	Gaeta	Menwith Hill	Port Hueneme	Winter Harbor
Bethesda	Great Lakes	Meridian	Portsmouth, NH	Yokosuka
Bremerton	Groton	Mildenhall	Portsmouth, VA	Yorktown
Bridgeport	Guam	Millington	Quantico	Yuma
Brunswick	Guantanamo Bay	Miramar	Roosevelt Roads	
Camp Hansen	Gulfport	Misawa	Rota	
Camp Kinser	Henderson Hall	Naples	Sabana Seca	
Camp Lejeune	Hong Kong	Naval Academy	San Diego	
Camp Pendleton	Ingleside	New Orleans	San Onofre	
Charleston	Iwakuni	New River	Saratoga Springs	
Cherry Point	Jacksonville	Newburgh	Sasebo	
China Lake	Kaneohe Bay	Newport	Sigonella	
Chinhae	Keflavik	Norfolk	Singapore	
Corpus Christi	Key West	North Island	Souda Bay	

